

Financial risk management instruments for petrochemical industry

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Abstract

The article deals with the problem of estimate of efficiency of the risk-adjusted projects, influencing the time-frame and final result of realization. State of the Russian economy despite some positive tendencies can be characterized as a crisis in terms of the reproduction process. It also concerns the investment sphere in full. The investment processes mediated by the relevant organizational structures (primarily by commercial banks for the Russian Federation) are the catalysts in any economic system, the driving force of the dynamic development of social production. Currently, the banking sector comprises large financial resources that could contribute to the economic development of the country. However, in case of investment activities, commercial banks are faced with rather complex problems. As a result, the costs of banks in preparing and realizing the investment projects are extremely high, and the risk is great at every stage, as there are many economic factors that are likely to adversely affect the investment process. To assess the effectiveness of the projects on the example of JSC "Taneco", the Weighted average cost of capital model (WACC) was used. It is the average interest rate on all sources of financing the company. To demonstrate the efficiency of the risk-adjusted project, the capital asset pricing model is used - Capital Asset Pricing Model, CAPM, the calculation of which we will dwell upon on the example of JSC "Taneco".

Keywords

Efficiency, Management of project risk, The WACC model